

Message Text

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ORIGIN OES-07

INFO OCT-01 EUR-12 EA-10 ISO-00 SS-15 L-03 IO-13
ACDA-12 DOE-15 SOE-02 CIAE-00 INR-10 NSAE-00
NSC-05 EB-08 NRC-05 DODE-00 SP-02 CEQ-01 /121 R

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-----001404 021936Z /72

R 021718Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY KUALA LUMPUR
INFO AMEMBASSY VIENNA

C O N F I D E N T I A L STATE 111353

USIAEA

E.O. 11652: GDS

TAGS: ENRG, MNUC, TECH, PARM, MY, IAEA

SUBJECT: NEGOTIATION OF AGREEMENT FOR PEACEFUL NUCLEAR
COOPERATION

REF: A) KUALA LUMPUR 3292 B) STATE 93306 C) KUALA LUMPUR
1281, D) VIENNA 1188 E) VIENNA 3929

1. DEPT HAS NO INFORMATION RE STATUS OF NEGOTIATIONS ON
US/IAEA/MALAYSIA TRILATERAL AGREEMENT TO FACILITATE TRANS-
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FER OF A RESEARCH REACTOR AND FUEL TO ADD TO STATUS REPORT
PROVIDED IN REFTELS C, D, AND E. WE HAD ASSUMED THAT
NEGOTIATIONS WERE IN ABEYANCE PENDING RESOLUTION OF
REPORTED REACTOR SITING PROBLEMS. IN ANY EVENT, GOM HAS
YET TO RESPOND OFFICIALLY TO MOST RECENT VERSION OF PRO-
POSED PROJECT/SUPPLY AGREEMENT AND EXCHANGE OF NOTES (77
STATE 304215).

2. WE REAFFIRM OUR COMMITMENT TO TRANSFER REACTOR AND FUEL UNDER A TRILATERAL AGREEMENT AS LONG AS SUCH AN ARRANGEMENT CONTAINS THE TERMS AND CONDITIONS OF SUPPLY REQUIRED BY THE NEW NON-PROLIFERATION LAW AND CURRENT US POLICY. THESE REQUIREMENTS CAN BE DEALT WITH THROUGH A COMBINATION OF AGREEMENTS AND NOTE EXCHANGES, SUCH AS WAS THE CASE WITH RECENTLY NEGOTIATED US/IAEA/ARGENTINA/PERU

ARRANGEMENTS TO PERMIT THE RETRANSFER OF US ORIGIN FUEL TO BE USED IN AN ARGENTINE SUPPLIED REACTOR IN PERU. THESE ARRANGEMENTS INCLUDE SUPPLY AND PROJECT AGREEMENTS APPROVED BY IAEA BOARD AT ITS FEBRUARY MEETING PLUS SEPARATE USG-GOP AND USG-GOA NOTE EXCHANGES.

3. WE LEAVE TO EMBASSY'S DISCRETION WHETHER PROVIDING DRAFT MODEL AGREEMENT TO GOM AT THIS TIME WOULD ONLY SERVE TO CONFUSE MATTERS. IF EMBASSY DECIDES TO PASS AGREEMENT TO MALAYSIAN OFFICIALS, YOU SHOULD DRAW ON GUIDANCE PROVIDED IN PARAS 5 AND 13 OF REFTEL B AND PARA 2 ABOVE AS WELL AS POINTING OUT THAT A BILATERAL AGREEMENT COULD FACILITATE AN EXPANSION OF OUR NUCLEAR COOPERATIVE RELATIONSHIP IN FUTURE, SHOULD THAT LATER SEEM DESIRABLE TO GOM.

4. DEPT HAS NOT RECEIVED ANY REACTION FROM MALAYSIAN
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EMBASSY TO RECENT ENACTMENT OF NON-PROLIFERATION LAW.

5. WHETHER OR NOT EMBASSY DISCUSSES MODEL AGREEMENT WITH MALAYSIAN OFFICIALS, YOU SHOULD INQUIRE AT EARLY OPPORTUNITY AS TO STATUS OF RESEARCH REACTOR PROJECT AND WHEN OFFICIAL GOM REACTION TO PROPOSED TEXTS OF PROJECT/SUPPLY AGREEMENT AND NOTE EXCHANGE MIGHT BE EXPECTED. IF GOM OR IAEA NOW CONSIDERS PROJECT AND SUPPLY AGREEMENTS PREFERABLE (CORRESPONDING TO THOSE NEGOTIATED FOR ARGENTINA-PERU TRANSFER INSOFAR AS APPLICABLE) INSTEAD OF COMBINED PROJECT/SUPPLY AGREEMENT PROPOSED EARLIER, THAT APPROACH WOULD BE ACCEPTABLE TO US. IN ANY CASE, YOU SHOULD EMPHASIZE THAT PROPOSED US-GOM NOTE EXCHANGE WOULD CONTAIN ADDITIONAL BILATERAL ASSURANCES AND CONDITIONS CONSISTENT WITH THE NEW LAW AND CURRENT US POLICY AND WHICH WILL BE BASIS OF OUR CONTINUING OR INITIATING COOPERATION WITH ALL INTERESTED COUNTRIES. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE111353
Document Source: CORE
Document Unique ID: 00
Drafter: W.MOFFITT:BJE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780187-0514
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197805101/aaaadilp.tel
Line Count: 111
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ea28d593-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 KUALA LUMPUR 3292, 78 STATE 93306, 78 KUALA LUMPUR 978
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2515588
Secure: OPEN
Status: NATIVE
Subject: NEGOTIATION OF AGREEMENT FOR PEACEFUL NUCLEAR COOPERATION
TAGS: ENRG, MNUC, TECH, PARM, MY, IAEA
To: KUALA LUMPUR USIAEA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ea28d593-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014